25 March, 1985

To:
His Honour the Lieutenant-Governor in Council of the Province of British Columbia

May it please Your Honour: Sir
As required by Section 69 of the Workers' Compensation Act, we now submit the 68th Annual Report of the Board, for the year ended 31 December 1984.

Yours sincerely,

Terence Segarty
Minister

THE STATISTICS SECTION OF THIS REPORT IS AVAILABLE AS A SEPARATE PUBLICATION FROM ANY WCB OFFICE.

22 March, 1985

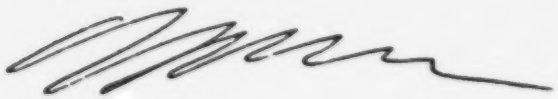
The Hon. Terence Segarty
Minister of Labour
Parliament Buildings
Victoria, B.C.
V8V 1X4

Dear Mr. Segarty

1984 was a year of innovation and consolidation at the Workers' Compensation Board. In submitting this annual report I would like to thank the management and staff of the WCB for their support during this year of change, and for their tireless effort to provide a better service to the workers and employers of B.C.

In the coming year we look to a continuing dialogue with the workers and employers of B.C., through their representing organizations, which will lead to a safer, healthier workplace in B.C. We will continue our commitment to provide an efficient service to injured workers in this province, while administering the funds entrusted to us in a responsible, business-like manner.

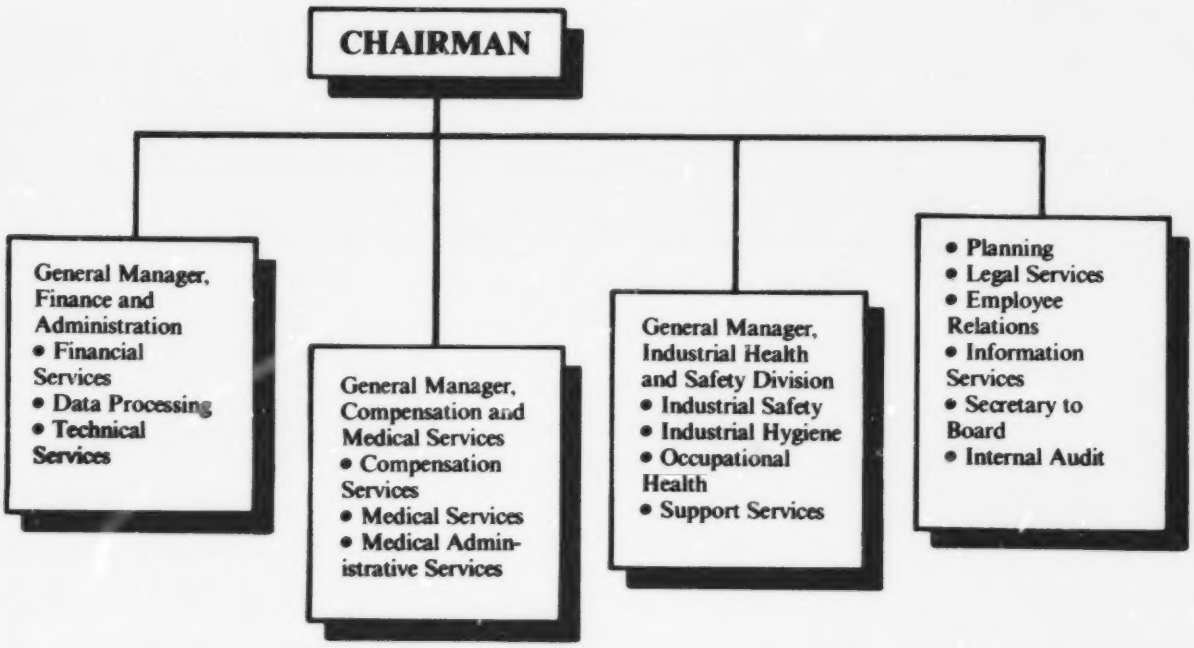
Yours very truly,



Walter R. Flesher
Chairman

Management Structure
Toward more efficient service

After a thorough review of the administrative structure of the WCB conducted in early 1984 the following organizational changes were made. The changes resulted in a more rational distinction between the policy making and appellate role of the Commissioners and the need for a strong, clearly defined management structure.



Financial and Statistical Highlights

Financial ($000's)	1984	1983	Percent Change
Assessment income	$480,053	$457,839	4.8%
Investment income earned	$162,798	$139,468	16.7%
Compensation benefits paid	$274,224	$268,350	2.2%
Administration expenses	$ 67,007	$ 68,158	(1.7%)
Unfunded liability	$314,907	$517,918	(39.2%)
Statistical			
Employers registered	85,155	82,723	2.9%
Claims first reported	150,919	151,815	(.6%)
O.S. & H. inspection reports issued	30,943	29,782	3.9%
Administration expenses as a percent of the total income	10.4%	11.4%	

Assessment income — substantially all of the increase arises from an underestimate of the assessments receivable at December 31, 1983. Assessment rates and the maximum assessable payroll were frozen at 1983 levels.

Investment income earned — the net return on the average market value of the investment portfolio was 12.18% in 1984, compared with 10.74% in 1983. Effective in 1984, investments are recorded at market value instead of amortized cost.

Compensation benefits paid — although the maximum benefits level increased by 15% from $26,182 to $30,200, this was largely offset by a reduction in the injury rate.

Administration expenses — a reduction in staff complement, coupled with other cost control measures, resulted in the decrease in administration expenses.

Unfunded liability — the reduction of $203 million reflects the net effect of an increase in assets in excess of an increase in fund liabilities. The slower rate of increase in fund liabilities is principally the result of lower injury rates and lower inflation. The "funded ratio" (i.e. assets as a percentage of liabilities) improved to 86% in 1984, compared with 76% in 1983.

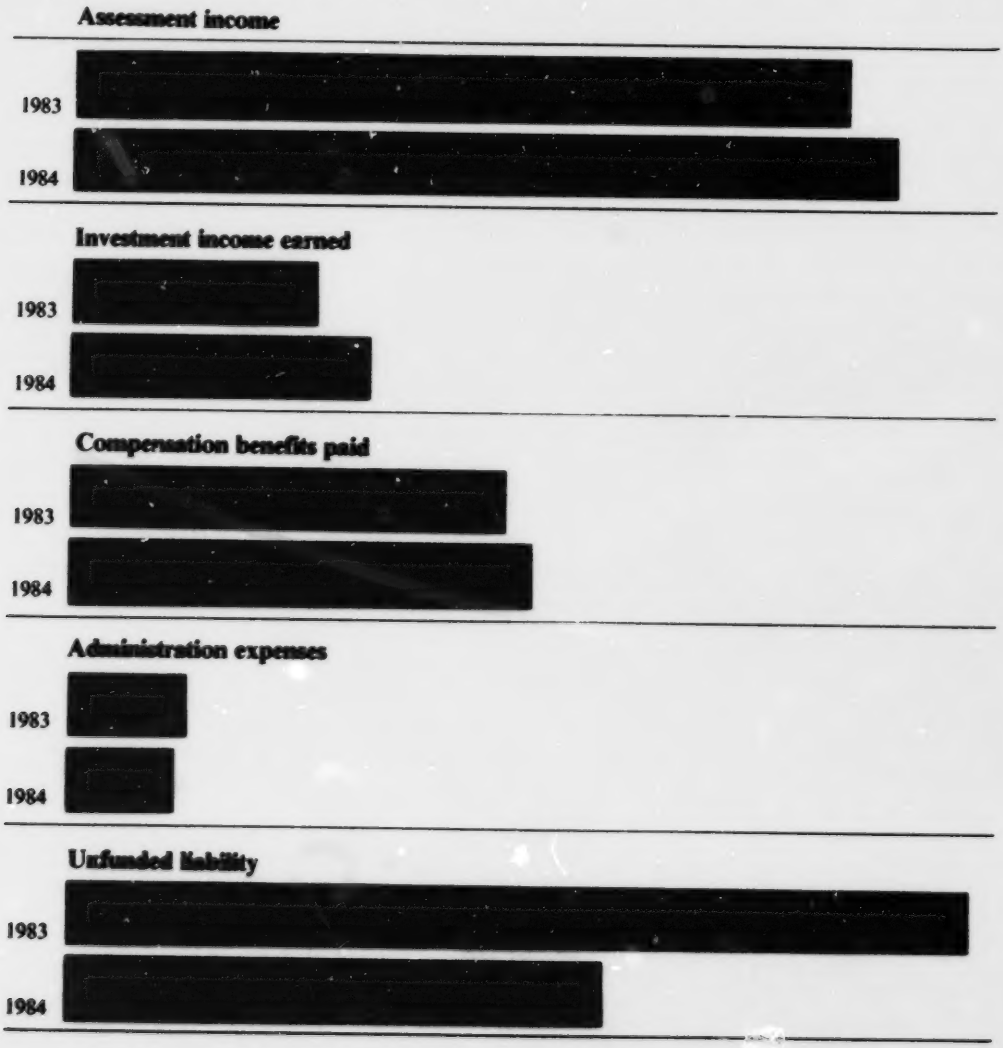
General — the 1983 comparative figures have been restated to give retroactive effect to the new method of recording investments at market value instead of amortized cost.

During 1984, a special task force was assigned to review the Board's finances and its unfunded liability position. It has been concluded that the WCB's financial position continues to

strengthen and the system is financially secure. There is no threat to the pensions established nor to the future costs of unfinalled claims.

The freezing of assessment rates for 1984 and 1985 has not affected the Board's ability to meet its obligations now or in the future.

A real rate of return of 6.3% was achieved on the investment fund. A plan to diversify the portfolio and enter the equity market in a modest way is awaiting approval, as required by legislation.



Several factors are thought to have contributed to the significant decline in the volume of claims which we continued to experience in 1984. They include the impact of recession on employment levels, and the decline of the number of younger workers in the workforce. It is important to recognize that there has been a real decline in the accident **rate** in B.C. This is a decline in the number of accidents per person-hours worked and represents a significant and hopeful change from our previous experience.

The reduction in the volume of work being processed by our Claims Department indicated that a review of the department's operational efficiency was timely. The review resulted in a reorganization of our regional services into nine regional centres down five from 1983. Indications are that these more efficient regional centres are providing a service to claimants that is equal to previous standards.

Policy Change

The other significant change in compensation services relates to claims which would previously have entered an already overburdened appeals system. As a result of an administrative change, employers and workers can now turn to Claims Department management for further discussion and clarification. The change will improve quality control in the division. Additionally, it helps to avoid the long delays which caused unnecessary frustrations for many workers and employers.

TERRACE
4450 Lakelse Avenue
V8G 1P2
Telephone: 635-6536
Telex: 047-85559
PRINCE GEORGE
299 Victoria Street
V2L 5B8
Telephone: 563-9264
Telex: 047-8608
COURTENAY
426 - 8th Street
V9N 1N5
Telephone: 338-5484
Telex: 044-62580
NANAIMO
420 Albert Street
V9R 2V7
Telephone: 754-4431
Telex: 044-706
VICTORIA
320 Cook Street
V8V 4W1
Telephone: 381-2223
Telex: 049-7284
RICHMOND
6951 Westminster Highway
V7C 1C6
Telephone: 273-2366
Telex: 04-357722
VERNON
3306 - 32nd Avenue
V1T 2M6
Telephone: 545-4401
Telex: 048-05277
KAMLOOPS
627 Victoria Street
V2C 5T4
Telephone: 374-5621
Telex: 048-8155
CRANBROOK
100 - 7th Avenue S
V1C 2J4
Telephone: 426-6694
Telex: 041-45155
NELSON
327 Baker Street
V1L 4H6
Telephone: 352-2291
Telex: 041-572

Occupational Health and Safety

New Policies

Revisions were introduced in January 1984 to First Aid Regulations reducing the period for which a Survival First Aid Certificate is valid from four years to two. This will produce a better educated and more competent force of workers able to assist in emergency situations.

A decision was made in March of 1984 that the farming industry will be phased into the regulatory process. Planning began in 1984 and will continue in 1985. B.C. is one of the first jurisdictions in North America to attempt to provide safety regulations to agriculture and a significant amount of research is required to produce realistic and workable regulations which will benefit all those involved in this important industry. During the research and phase-in period the successful education program developed by the WCB and industry will continue.

Tougher penalties were announced in September of 1984 for violations of the Industrial Health and Safety Regulations.

Effective September 1984, penalties applied against firms for failure to comply became subject to a **minimum** of fifteen hundred dollars. Also, certain violations by employers result in immediate action. Unless investigation reverses the findings, those violations are:

- unshored excavations;
- power line contacts;
- failure to lock out equipment;
- permitting worker exposure to hazards immediately dangerous to life or health;
- inadequately protecting workers from health hazards that have a chronic effect;
- specific to the logging industry: failure to remove snags; domino falling; and leaving cut-up trees.

Education

The WCB is committed to the belief that education and training are the most important components in the reduction of industrial accidents and disease in this province. During 1984 the division developed several new programs including an industrial hygiene diploma course and an intermediate first aid attendant program leading to certification. The WCB will continue as an organizer and facilitator in the field of health and safety education with emphasis on the following elements:

1. Consultation with industrial health and safety committees;
2. Assisting with safety audits — the in-depth evaluation of a firm's occupational safety program;
3. Training seminars for supervisors in industry;
4. Assistance to management in developing site-specific health and safety programs;
5. Publications to support health and safety programs;
6. Audio-visual health and safety training packages which are available on free loan;
7. Providing speakers with expertise in related subjects for labour and management health and safety sessions.

Organizational Changes

The division underwent several major changes in structure this year designed to improve the delivery of services to B.C.'s employers and workers.

The first phase of administrative restructuring resulted in the elimination of two levels of supervision in the industrial safety department. The effect was to increase the number of industrial safety officers in the field and to improve internal communications in the division.

The division conducted a review of the requirements for engineering services and concluded that the level of industrial growth in the province did not justify the continuing existence of a separate section. Several engineers became industrial safety officers and will continue to consult on engineering requirements as part of their job function.

The third major organizational change disbanded the hearing section. Workers with hearing loss claims continue to receive **all** services previously provided by the WCB through a fee-for-service arrangement with the Ministry of Health. The change will result in an increased convenience for many claimants as they will be able to receive necessary attention in their home communities instead of travelling to the WCB in Richmond. The division will continue to provide support for employer-operated audiometric programs.

The regional consolidation of claims services which took place in 1984 did **not** affect the delivery of occupational health and safety services. Those officers in the affected communities continue to work and live in those areas and will work out of their homes.

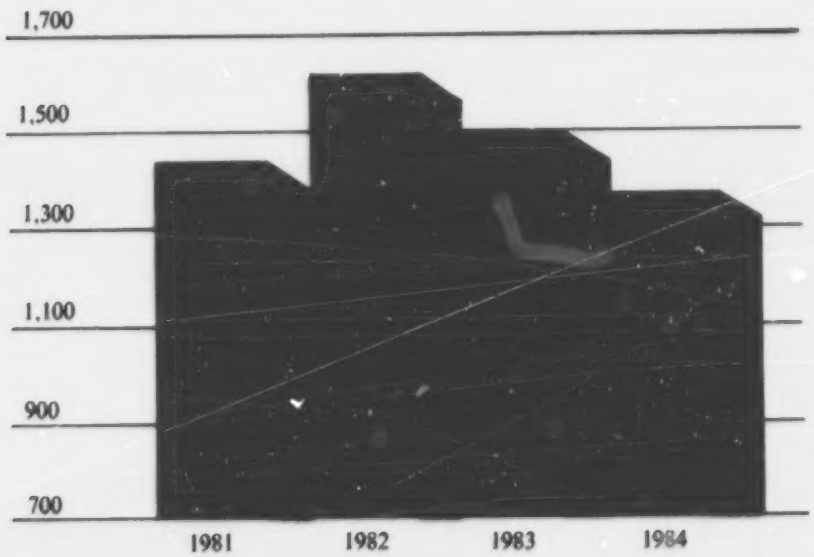
Employee Relations

The Employee Relations Department was actively involved in all of the organizational changes discussed in the previous pages. As a result of organizational change, attrition and early retirement program, a significant reduction in staffing levels was achieved.

The permanent full-time staff level as at 31 December 1984 was 1,413 employees. This compares with 1,568 employees at 31 December 1983 and constitutes a reduction of over 10%.

The WCB also successfully concluded a two-year collective agreement with the WCB Employees Union, which provided improvements to the security of WCB employees and included changes that will have a positive impact on Board operations.

Permanent Staff Levels



Assessment Department

The number of registered employers increased during 1984, rising from 82,723 to 85,155 at year end.

The development of a new experience rating plan mentioned in previous Annual Reports, was completed in 1984. Major employer associations and labour organizations responded to the request for input and the department made a final recommendation to the Board in September. Approval to develop the program was granted and the first phase of implementation is scheduled for the calendar year 1986.

The new system will replace the three existing plans. Approximately half of the registered employers will be experience rated using the new system in 1986, including those currently experience rated, and the other half will be phased in over the next few years. It is planned that virtually all employers will eventually qualify for experience rating.

An Assessment Policy Review Committee was established in 1984. The recently published Assessment Policies will be systematically reviewed and updated to ensure they remain suitably applicable to current industry operations and business conditions.

Statistical Information

A complete review of the WCB's operational statistics is contained in the publication "Statistics '84" available to any regional office or by writing to: Films and Posters Section, Information Services Department, WCB, 6951 Westminster Highway, Richmond, B.C. V7C 1C6.

Toll-Free Telephone to Richmond

At the end of 1984, a new service was introduced which means that the Board's Richmond office can be reached from anywhere in the province by dialing 112-800-972-9972.

Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

AUDITOR'S REPORT

To the Chairman and Members of the
Workers' Compensation Board, and

To the Minister of Labour
Province of British Columbia:

I have examined the balance sheet of the Workers' Compensation Board as at 31 December 1984 and the statements of income and expense and unfunded liability, changes in fund liabilities, changes in special reserve balances and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In 1984, the Board added to the actuarially-determined accident fund liabilities a contingency margin of $42.8 million which has been charged as an expense in the statement of income and expense and unfunded liability. In my opinion, this amount should not have been charged as an expense against the Board's operations but instead recorded as a contingency appropriation and segregated on the balance sheet. Had this been done, the 1984 "net income applied to unfunded liability" would have been $42.8 million greater but the $314.9 million unfunded liability as at 31 December 1984 would not be affected.

In my opinion, except for the treatment of the contingency margin described in the preceding paragraph, these financial statements present fairly the financial position of the Board as at 31 December 1984 and the results of its operations and the changes in its fund liabilities, special reserve balances and financial position for the year then ended in accordance with the stated accounting policies disclosed in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of valuing long-term investments as explained in note 2, on a basis consistent with that of the preceding year.

Erma Morrison

Erma Morrison, F.C.A.
Auditor General

Victoria, British Columbia
1 March 1985

WORKERS' COMPENSATION BOARD

EXHIBIT 1

BALANCE SHEET
AS AT 31 DECEMBER 1984
(in $,000's)

ASSETS		1984		1983
Cash and short-term deposits		911,130		441,593
Assessments and accrued interest receivable		159,846		162,974
Deposit account unfinalled claims receivable		69,896		63,333
Long-term investments (Note 2)		796,526		944,529
Fixed assets, net of accumulated depreciation (Note 4)		47,949		50,152
		1,985,347		1,662,581
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities		17,416		17,226
Deposit accounts		3,158		3,016
Accident fund:				
Liabilities (Exhibit 3)	2,220,042		2,105,263	
Special Reserves (Exhibit 4)	22,069	2,242,111	16,429	2,121,692
Silicosis fund liabilities (Exhibit 3)		37,569		38,565
Unfunded liability (Exhibit 2)		(314,907)		(517,918)
		1,985,347		1,662,581

The accompanying six notes are an integral part of these financial statements.

Approved by the Board:

W. R. Flesher
Chairman

G. W. Hall
Commissioner

J. M. Nutter
Commissioner

M. Parr
Commissioner

WORKERS' COMPENSATION BOARD

EXHIBIT 2

STATEMENT OF INCOME AND EXPENSE AND UNFUNDED LIABILITY FOR THE YEAR ENDED 31 DECEMBER 1984

(in $,000's)

	1984	1983
INCOME		
Assessments		
Classes	446,381	423,799
Deposit accounts (Note 3)	29,747	30,942
Penalties	3,925	3,098
	480,053	457,839
Investment income		
Earned for the year	162,798	139,468
Adjustment to market (Note 2)	20,814	(2,146)
	183,612	137,322
	663,665	595,161
EXPENSE		
Current year claims		
Wage loss compensation	73,198	75,462
Medical aid payments	26,487	24,458
Pension awards, capitalized values	15,084	12,545
Provision for unfinalled claims	173,604	180,569
	288,373	293,034
Prior years' claims		
Investment income allocated to fund liabilities and special reserves	183,612	137,322
Adjustment to prior years' actuarial estimates	(94,838)	11,794
	88,774	149,116
Administration	67,007	68,158
	444,154	510,308
NET INCOME APPLIED TO UNFUNDED LIABILITY	219,511	84,853
UNFUNDED LIABILITY - 1 January	(517,918)	(586,271)
APPROPRIATION TO SPECIAL RESERVES	(16,500)	(16,500)
UNFUNDED LIABILITY - 31 December	(314,907)	(517,918)

EXHIBIT 3

STATEMENT OF CHANGES IN FUND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 1984
(in $,000's)

	Accident Fund		Silicosis Fund	
	1984	**1983**	**1984**	**1983**
ADDITIONS TO THE FUND LIABILITIES				
Investment income allocation	179,260	134,305	3,354	2,467
Adjustment to prior years' actuarial estimates	(91,368)	12,275	(3,470)	(481)
Pension awards, capitalized values	20,771	18,781	120	124
Provision for unfinalled claims	171,884	178,363	1,720	2,206
	280,547	**343,724**	**1,724**	**4,316**
DEDUCTIONS FROM THE FUND LIABILITIES				
Pensions paid	95,707	81,844	2,647	2,700
Wage loss compensation	39,029	44,472	-	-
Medical aid payments	31,032	32,837	73	138
	165,768	**159,153**	**2,720**	**2,838**
CURRENT YEAR INCREASE (DECREASE)	114,779	184,571	(996)	1,478
BALANCE - 1 January	2,105,263	1,920,692	38,565	37,087
BALANCE - 31 December (Exhibit 1)	**2,220,042**	**2,105,263**	**37,569**	**38,565**
Represented by:				
Provision for unfinalled claims	1,044,441	988,420	15,144	14,993
Pension awards, capitalized values	1,175,601	1,116,843	22,425	23,572
	2,220,042	**2,105,263**	**37,569**	**38,565**

EXHIBIT 4

STATEMENT OF CHANGES IN SPECIAL RESERVE BALANCES FOR THE YEAR ENDED 31 DECEMBER 1984
(in $,000's)

				Total	
	Contingent	Disaster	Enhancement	1984	1983
ADDITIONS TO THE RESERVES					
Appropriation of net income	-	2,500	14,000	16,500	16,500
Investment income allocation	50	233	715	998	550
	50	**2,733**	**14,715**	**17,498**	**17,050**
DEDUCTIONS FROM THE RESERVES					
Pension awards, capitalized values	-	1,313	3,700	5,013	5,953
Wage loss compensation	-	199	4,767	4,966	4,814
Medical aid payments	-	76	1,803	1,879	2,032
	-	**1,588**	**10,270**	**11,858**	**12,799**
CURRENT YEAR INCREASE	50	1,145	4,445	5,640	4,251
BALANCE - 1 January	525	3,251	12,653	16,429	12,178
BALANCE - 31 December (Exhibit 1)	**575**	**4,396**	**17,098**	**22,069**	**16,429**

EXHIBIT 5

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 1984
(in $,000's)

	1984	1983
FUNDS PROVIDED FROM		
Net income applied to unfunded liability	219,511	84,853
Add (deduct) items not requiring cash:		
Provision for unfinalled claims	173,604	180,569
Adjustment to prior years' actuarial estimates	(94,838)	11,794
Investment income allocated to fund liabilities and special reserves	183,612	137,322
Pension awards, capitalized values	15,084	12,545
Depreciation	2,587	2,655
Gain on disposal of fixed assets	(13)	(15)
	499,547	429,723
Deduct:		
Cash applied in settlement of fund liabilities or charged against special reserves:		
Pensions paid	98,354	84,544
Wage loss compensation	43,995	49,286
Medical aid payments	32,984	35,007
	175,333	168,837
Funds generated from operations	324,214	260,886
Pensions payments recovered from third parties	794	407
Proceeds from disposal of fixed assets	190	50
Decrease in assessments and accrued interest receivable	3,128	18,695
Net increase in other liabilities	332	1,184
	328,658	281,222
FUNDS APPLIED TO		
Purchase of fixed assets	561	1,559
Increase in deposit account unfinalled claims receivable	6,563	9,289
	7,124	10,848
INCREASE IN FUNDS INVESTED	321,534	270,374
FUNDS INVESTED - 1 January	1,386,122	1,115,748
- 31 December	1,707,656	1,386,122
COMPONENTS OF INCREASE IN FUNDS INVESTED		
Increase (decrease) in cash and short-term deposits	469,537	(37,212)
(Decrease) increase in long-term investments	(148,003)	307,586
	321,534	270,374

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1984

Note 1 - Significant Accounting Policies

(a) Fund Accounting

Although the liabilities and reserves of the Board are allocated to the Accident and Silicosis Funds and various sub-divisions thereof, the assets are recorded on a pool basis with no allocation of individual assets to specific funds.

(b) Investments

Effective in 1984, investments are carried on the Balance Sheet at market value.

(c) Fixed Assets

Fixed assets are recorded at cost, except for land acquired before 1970 which is recorded at appraised value. The following fixed assets are depreciated on a straight-line basis over their estimated useful lives:

Buildings	20 or 40 years
Equipment	4 to 10 years
Furniture	10 years
Vehicles	5 years

(d) Fund Liabilities

The Board calculates the liabilities for unfinalled claims and pensions. These liabilities, and the underlying assumptions and methods, are examined by the consulting actuary appointed by the Board. The report of the consulting actuary is appended to these financial statements. A contingency margin is included in the fund liabilities as at 31 December 1984.

(e) Unfinalled Claims

Provisions for future claims costs relating to injuries occurring prior to 31 December 1984 for which the final settlement has not been determined are credited to the unfinalled claims liabilities which are part of the Accident and Silicosis Funds established under Sections 39 (1) (c) and 41 (2) (b) of the Workers' Compensation Act. Wage loss compensation and medical aid payments, and the capitalized value of pension awards granted after the year of injury (or after the year in which the claim is allowed, in the case of Silicosis), are charged to the respective unfinalled claims liabilities.

(f) Pensions

Capitalized values of pension awards are credited to the pension liability provisions, which are then charged with pensions paid. When a pension is awarded for an injury which occurred in the current year its capitalized value is treated as a current period expense. In the case of a pension awarded after the year of the injury (or after the year in which the claim is allowed, in the case of Silicosis), the pension is charged to the appropriate unfinalled claims liability.

(g) Special Reserves

The special reserves established pursuant to Section 39 of the Workers' Compensation Act are:

(i) Contingent Reserve [Section 39 (1)(b)] which provides a reserve in aid of industries or classes which may become depleted or extinguished.

(ii) Disaster Reserve [Section 39 (1)(d)] which provides a reserve to be used to meet the loss arising from a disaster or other circumstance which the Board considers would unfairly burden the employers in a particular class.

(iii) Enhancement Reserve [Section 39 (1)(e)] which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition or disability.

The Board determines the amounts required to maintain these reserves at an adequate level. This "levy" is prorated to the various employer classes.

(h) Prior Years' Claims

All amounts recorded as "Provision for unfinalled claims" and as "Pension awards, capitalized values" are the actuarial estimates of the net present values of these liabilities. The calculation of net present value assumes that the annual rate of return on the Board's investments will exceed the annual increase in the Consumer Price Index (CPI) by 2⅛%.

Each year, benefits paid by the Board are increased in line with the CPI and the actuarial assumptions are modified to include more recent experience. These changes result in a revaluation of the actuarial estimates made in prior years.

Investment income received or receivable during the year is allocated to the fund liabilities to offset the revaluation.

The amount by which the revaluation, which includes a contingency margin in 1984, differs from investment income allocated is described in the statements as "Adjustment to prior years' actuarial estimates" and is treated as a current period item.

(i) Assessment Income and Assessments Receivable

As a significant portion of assessment income for the year is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year.

Note 2 - Change in Accounting Policy

Investments

A new accounting policy relative to the valuation of investments has been adopted. Previously, long-term investments were valued at amortized cost, utilizing the straight-line amortization basis. Realized capital gains or losses were reflected in investment income in the year of the transaction. Unrealized gains or losses were not recorded.

Long-term investments are now recorded at market value and unrealized gains and losses applied to investment income. This policy has been applied retroactively and the 1983 comparative figures restated. The effect of this change in 1984 is to increase net income and the opening balance of the unfunded liability by $20,814,000 and $82,800,000 respectively, and to reduce long-term investments by $61,986,000.

Note 3 - Deposit Accounts

Certain employers have been placed in self-insuring or deposit classes and are required to deposit with the Board a sum of money determined by the Board.

These employers are billed on a monthly basis for compensation payments and pension awards made on their behalf, together with their proportionate share of administrative costs. The Board recognizes in its accounts both the current value of the estimated future payments for unfinalled claims and the amounts relative to these unfinalled claims to be received in the future from the deposit class employers.

The Board also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts disbursed are recovered from the Government of Canada on a monthly basis.

Note 4 - Fixed Assets ($000's)

Fixed assets comprise of the following items:

	1984				1983
	Cost or Appraised Value	Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
Land	1,275	-	-	1,275	1,350
Buildings	48,183	1,272	5,807	42,376	43,713
Furniture and Equipment	11,761	1,315	7,463	4,298	5,089
Totals	61,219	2,587	13,270	47,949	50,152

Land includes an amount of $356,000 arising from an appraisal revaluation in 1975, which is also included in "Accounts payable and accrued liabilities" on the Balance Sheet.

Note 5 - Superannuation Fund

The cost to the Board of its contributions to the Workers' Compensation Board Superannuation Fund for 1984 was $4,585,200 (1983 - $4,000,184).

An actuarial valuation of the fund's liabilities was carried out in 1982 at the request of the Trustees of the Superannuation Fund. Based on the Plan as amended and ignoring liabilities and financing for indexed supplementary pensions, the Superannuation Fund's unfunded liability as at 30 September 1982 was approximately $24,000,000. This unfunded liability is not included in these financial statements.

Effective 1 January 1984, contributions by the Board were increased so as to fund the unfunded liability over a 25-year period.

Note 6 - Comparative Figures

Certain 1983 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1984, and include the correction of an underestimate, amounting to $1,559,000, of prior year's administration expenses.

ACTUARY'S REPORT

The Pension Liabilities for the Accident and Silicosis Funds are for pensions in effect as at 31 December 1984, but excluding pensions arising from injuries to Federal Government workers (Class 19). The present value of increases in pensions effective 1 January 1985 has been included in the Liabilities. The Pension Liabilities have been computed using the same mortality, net interest rate and other assumptions used for the valuation as at 31 December 1983. The net interest rate of 2⅜% makes implicit provision for the future indexing of pensions on the assumption that interest earnings on Board assets in excess of 2⅜% will correspond to future increases in the Consumer Price Index.

The Unfinalled Claims Liabilities for the Accident and Silicosis Funds are shown separately for rateable Classes and for deposit Classes (excluding Class 19), and are based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of 2⅜% and, where applicable, mortality, remarriage and other assumptions used for computing Pension Liabilities. The methods used in calculating these liabilities were substantially the same as those employed in the previous valuation as at 31 December 1983. In addition, the Board has added contingency margins to the liabilities, which result in a liability increase of $42,767,000. These margins are included in the total liabilities shown below.

The liabilities included in this report, aside from the aforementioned margins, have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

In our opinion, the amounts set out below, which have been determined by the methods and assumptions described above, make reasonable provision for the future liabilities of the Board as at 31 December 1984.

Accident Fund	
Pension Liabilities	$1,175,601,000
Unfinalled Claims Liabilities	
- Rateable Classes	974,545,000
- Deposit Classes	69,896,000
	$2,220,042,000

Silicosis Fund	
Pension Liabilities	$ 22,425,000
Unfinalled Claims Liabilities	15,144,000
	$ 37,569,000

J Levi

Jacob Levi, F.S.A., F.C.I.A.
Eckler Partners Ltd.
Consulting Actuaries

11 March 1985

WORKERS' COMPENSATION BOARD

SCHEDULE I

STATEMENT OF ALL YEARS' CLAIM COSTS AND CHANGE IN UNFUNDED LIABILITY FOR THE YEAR ENDED 31 DECEMBER 1984
(in $,000's)

	1984		1983	
INCOME				
Assessments				
Classes	446,381		423,799	
Deposit accounts	29,747		30,942	
Penalties	3,925	480,053	3,098	457,839
Investment income				
Earned for the year	162,798		139,468	
Adjustment to market	20,814	183,612	(2,146)	137,322
		663,665		**595,161**
EXPENSE				
Cost of workers' claims				
Wage loss compensation	117,193		124,748	
Medical aid payments	59,471		59,465	
Pensions paid	97,560	274,224	84,137	268,350
Administration expenses		67,007		68,158
		341,231		**336,508**
EXCESS OF INCOME OVER EXPENSES		322,434		258,653
INCREASE (DECREASE) IN ACTUARIAL LIABILITIES				
Accident fund - 31 December	2,242,111		2,121,692	
- 1 January	2,121,692	120,419	1,932,870	188,822
Silicosis fund - 31 December	37,569		38,565	
- 1 January	38,565	(996)	37,087	1,478
		119,423		**190,300**
DECREASE IN UNFUNDED LIABILITY		203,011		68,353
UNFUNDED LIABILITY - 1 January		(517,918)		(586,271)
UNFUNDED LIABILITY - 31 December		**(314,907)**		**(517,918)**

WORKERS' COMPENSATION BOARD

STATEMENT OF CURRENT TRANSACTIONS (details by sub-class)
FOR THE YEAR ENDED 31 DECEMBER 1984
(in $,000's)

SCHEDULE 2

Class and Sub-Class		BALANCES 1 January	INCOME Assessments	COSTS CHARGED TO SUB-CLASSES: Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalized Values	Provision for Unlisted Claims	Adjustment to Prior Years' Actuarial Estimates	Total Claim Cost	Administration	Appropriation to Special Reserves	Total Costs	BALANCES 31 December
1	2	(108,542)	67,550	7,471	3,269	3,553	25,714	6,564	46,571	7,993	2,398	56,962	(97,954)
	4	(13,418)	8,950	1,313	395	479	3,866	(2,880)	2,975	1,097	316	4,388	(8,856)
	5	(34,767)	57,364	5,418	1,947	697	12,078	(1,055)	19,085	4,755	2,058	25,898	(3,301)
	7	(4,027)	9,795	1,215	375	39	2,616	686	4,931	973	347	6,231	(463)
	9	(6,316)	5,784	723	192	5	1,617	(839)	1,758	484	212	2,414	(2,946)
		(167,070)	149,443	15,940	6,178	4,753	45,893	2,496	75,260	15,302	5,331	95,893	(113,520)
4	3	(9,923)	4,492	395	155	684	1,053	(123)	2,126	455	160	2,741	(8,172)
	11	(10,838)	8,594	1,807	505	24	3,552	3,100	9,248	1,023	306	9,577	(11,821)
	18	(2,633)	837	119	43	-	349	648	1,159	172	30	1,361	(3,157)
	30	756	7,920	525	290	330	2,026	(1,971)	1,208	323	281	1,812	6,866
		(22,636)	21,843	2,046	993	1,038	6,980	1,716	12,741	1,973	777	15,491	(16,304)
6	2	(10,513)	14,121	2,164	759	474	3,466	(1,693)	5,172	1,645	506	7,323	(3,715)
	3	(351)	2,825	329	139	18	703	(437)	752	372	103	1,227	1,247
	4	(4,230)	4,661	1,076	326	47	1,813	205	3,467	865	174	4,506	(4,075)
	5	688	996	71	29	-	106	119	325	68	18	411	693
	7	692	680	225	45	-	144	(147)	267	77	24	368	1,004
	8	(2,562)	1,784	348	63	8	442	(310)	551	191	63	805	(1,583)
	17	(410)	105	9	6	31	21	(7)	60	17	4	81	(386)
	18	(93)	265	70	25	-	77	(31)	141	80	9	233	(61)
	20	(4,536)	3,494	633	156	-	939	(779)	851	323	123	1,297	(2,339)
	21	(9,998)	13,581	3,054	1,029	34	5,621	(2,350)	7,388	2,402	487	10,247	(6,664)
	22	923	2,998	419	219	167	971	(648)	1,348	454	107	1,909	2,012
	24	(4,779)	3,881	680	172	2	972	(263)	1,483	369	119	1,971	(3,369)
	25	(892)	539	392	55	9	503	(125)	834	119	19	572	(925)
	26	(34,640)	20,236	4,696	1,365	209	9,855	(3,421)	12,501	2,459	715	15,675	(30,880)
	27	(3,896)	11,922	2,036	997	16	4,771	(1,056)	6,764	1,522	435	8,721	(695)
	31	893	223	32	8	-	36	(152)	(76)	22	8	(46)	1,162
	32	(3,489)	2,471	287	102	195	579	(640)	323	180	88	591	(1,520)
	36	(263)	1,322	140	43	-	387	(97)	473	266	47	786	271
	37	264	2,936	767	243	24	924	1,862	3,840	949	105	4,894	(1,094)
	39	(1,285)	1,373	324	97	-	562	161	1,144	310	43	1,497	(1,609)
	42	(1,099)	5,428	520	315	20	3,338	(560)	3,633	439	201	4,273	(744)
	48	233	58	24	8	-	46	(8)	70	17	2	89	202
	54	80	5,125	866	242	3	1,405	(544)	1,972	1,052	183	3,207	1,998
	56	545	980	9	6	-	18	(59)	(26)	55	5	34	611
	57	(7,515)	3,488	537	180	-	1,508	(29)	2,196	496	125	2,819	16,860
	58	(1,086)	563	159	65	86	267	(225)	352	101	20	473	(970)
	59	(12,354)	10,757	1,936	764	53	5,106	3,054	10,915	2,126	387	13,428	(15,025)
		(100,453)	134,734	21,363	7,453	1,593	44,904	(8,180)	66,293	16,380	4,120	86,793	(72,512)
7	5	(9,813)	3,626	1,105	303	394	2,622	381	4,605	1,321	137	6,063	(12,250)
	6	(27,834)	21,627	5,107	1,643	573	12,533	(327)	19,729	7,070	786	27,585	(33,792)
	7	(28,297)	28,739	5,168	1,577	950	9,040	(3,293)	10,051	4,552	897	15,500	(25,058)
	11	(11)	2,889	599	391	139	1,461	(1,011)	1,579	911	104	2,594	284
	13	(984)	1,660	382	130	-	661	(454)	719	202	60	981	(305)
	21	(2,533)	4,323	814	231	333	1,466	(793)	2,051	666	150	2,867	(1,077)
	25	(25,185)	10,291	817	216	29	2,776	223	4,063	1,082	363	5,508	(20,402)
	26	(18,707)	10,991	2,018	948	336	7,222	(103)	10,321	2,686	392	13,399	(21,115)
	47	(320)	421	59	34	-	174	(220)	47	135	14	196	(99)
	48	3,765	436	251	74	-	623	(278)	670	359	15	1,044	3,157
		(109,923)	81,003	16,320	5,447	2,563	39,180	(5,675)	59,435	18,984	2,918	81,737	(110,657)

WORKERS' COMPENSATION BOARD

STATEMENT OF CURRENT TRANSACTIONS (details by sub-class)
(in $,000's)

SCHEDULE 2

Class and Sub-Class		BALANCES 1 January	INCOME Assessments	COSTS CHARGED TO SUB-CLASSES Wage Loss Compensation	Medical Aid Payments	Pension Awards, Capitalized Values	Provision for Unrealized Claims	Adjustment to Prior Years' Actuarial Estimates	Total Claim Cost	Administration	Appropriation to Special Reserves	Total Costs	BALANCES 31 December
8	1	1,799	3,191	336	97	427	976	(564)	1,272	560	112	1,944	3,046
	8	(4,555)	1,906	117	101	57	994	704	2,063	480	54	2,547	(5,196)
	11	(780)	2,667	477	176		668	378	1,661	270	92	2,023	(150)
	12	207	731	266	101	215	265	(169)	678	141	26	846	92
	30	3,982	2,488	228	47	847	875	(250)	1,950	310	88	1,948	4,522
	51	(17,621)	24,614	3,329	619	986	7,972	(3,750)	8,956	2,023	984	11,005	(4,012)
		(36,968)	35,127	4,973	1,293	1,904	10,763	(3,560)	15,343	3,784	1,256	20,313	(2,154)
9	1	(52)	4,415	433	147	-	901	2,307	3,688	375	168	4,231	132
	2	(851)	6,996	1,373	347	-	2,282	(466)	3,536	656	286	4,478	1,667
	6	(1,292)	2,516	448	156	-	778	(94)	1,293	334	92	1,719	(495)
	9	450	163	14	11	-	62	(73)	14	21	6	62	551
	11	5,052	2,895	941	986	1,910	2,237	(3,431)	714	667	117	1,498	6,598
		3,307	16,985	5,859	991	1,910	6,154	(1,767)	9,247	1,983	629	11,889	8,993
14	1	(4,260)	15,453	2,458	644	681	4,832	(3,417)	7,680	2,277	586	10,423	762
	6	(6,453)	9,115	1,435	525	947	3,598	(1,679)	4,370	1,945	323	6,638	(3,976)
		(10,721)	24,568	3,893	1,169	1,628	8,371	(5,096)	11,970	4,222	909	17,061	(3,214)
30		-	1,956	66	17	-	984	(70)	316	16	70	402	1,558
Total Classes		(424,674)	445,639	67,440	23,781	34,059	161,730	(15,953)	251,057	62,576	15,970	329,583	(308,618)
10		-	7,624	1,114	471	14	2,640	2,791	6,030	844	150	7,624	-
12		-	3,216	995	230	7	1,500	984	3,785	961	70	5,216	-
13		-	15,573	2,503	980	664	9,152	2,790	15,117	2,147	309	15,573	-
18		-	(84)	25	5	-	62	(194)	(92)	7	1	(84)	-
19		-	3,565	1,455	1,660	780	-	70	3,774	791	-	3,565	-
Total Deposit Accounts		-	29,894	5,662	2,783	985	10,154	5,730	29,214	4,150	530	29,894	-
Total Deposit Accounts and Claims		(424,674)	475,533	73,102	26,464	34,944	171,884	(10,223)	276,231	66,726	16,500	359,477	(308,618)
Schemes													
2	3	706	250	2	-	-	13	(542)	(527)	50	-	(77)	1,123
	4	(11,412)	4,362	70	3	130	1,737	(1,673)	231	231	-	462	(7,642)
		(10,644)	4,580	70	3	130	1,750	(1,815)	304	281	-	385	(6,489)
Restatement		(82,000)	-	-	-	-	-	(82,000)	-	-	-	-	-
GRAND TOTAL		(517,918)	480,053	73,190	26,467	35,074	173,634	(94,038)	276,535	67,007	16,500	359,862	(315,107)

NOTE 1 Assessment Income

As a significant portion of assessment income for the year is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year.

2 Restatement

This adjustment reflects the retroactive effect of recording investments at market value, as described in the notes to the financial statements. As all sub-classes share proportionately in this adjustment, there is no effect on the individual sub-class balances at 31 December 1984.

WORKERS' COMPENSATION BOARD

SCHEDULE 3

STATEMENT OF ADMINISTRATION EXPENSES FOR THE YEAR ENDED 31 DECEMBER 1984
(In $,000's)

	1984	1983
Salaries and employees' benefits	62,519	61,548
Building and services	2,859	3,292
Depreciation	2,587	2,655
Communications	2,348	2,325
Equipment	1,689	1,186
Supplies and stationery	1,392	1,696
Staff travel	1,251	1,514
Miscellaneous	918	1,075
Consulting fees	820	1,395
Grants and awards	676	714
Automobile fleet	514	511
Patients' meals	472	614
Publications	451	598
Advertising	300	858
Employee relocation	68	128
	78,864	**80,109**
Less: Miscellaneous income	(1,259)	(1,133)
	77,605	**78,976**
Less: Allocated to medical aid	(10,536)	(10,719)
Allocated to investment income	(62)	(99)
	67,007	**68,158**

WORKERS' COMPENSATION BOARD

SCHEDULE 4

INVESTMENTS HELD AS AT 31 DECEMBER 1984
(In $000's)

	1984	1983
	Market Value	
Government of Canada and Federal Crown Corporations	255,499	352,584
Province of British Columbia and Crown Corporations	351,796	348,033
British Columbia Municipal and School	57,013	79,142
Other Provinces and Crown Corporations	121,963	142,294
Chartered Bank	10,255	22,476
Long-term investments	796,526	944,529
Cash and short-term deposits	911,130	441,593
	1,707,656	1,386,122

COMMENTARY ON FINANCIAL STATEMENTS

The following commentary is provided to assist readers in understanding the intent and content of the preceding financial Schedules and Exhibits.

Exhibit 1 - Balance Sheet

This Exhibit reveals the Board's financial position at the end of its fiscal year. It identifies all assets owned by the W.C.B., such as investments, fixed assets and amounts receivable from others. It also discloses the amounts owed to others as a result of day to day operations, and the actuarial estimate of the present value of pensions and other costs of claims to be paid by the Board in future years for existing claimants. These Accident Fund and Silicosis Fund liabilities are evaluated each year, and independently confirmed by the Consulting Actuary.

The amount by which the assets are less than the liabilities is called, in this Exhibit, the "Unfunded Liability". The shortfall will be made up out of future assessments and/or investment earnings.

Exhibits 2 to 5 analyze the changes which occurred during the year for certain of the Balance Sheet items.

Exhibit 2 - Statement of Income and Expense and Unfunded Liability

This Exhibit gives a breakdown of the Board's income and expenses for the year and shows how these resulted in the change in the Unfunded Liability for the year.

Income is made up of assessments received from B.C. employers and from investment earnings. In this Exhibit, expenses are classified according to whether they arose from current year claims or from claims made in prior years.

Readers should also examine Schedule 1, which further analyzes the change in Unfunded Liability.

Exhibit 3 - Statement of Changes in Fund Liabilities

As described under Exhibit 1, the liabilities of the Accident and Silicosis Funds are adjusted each year to reflect the current year's claims and a re-evaluation of past years' remaining liabilities based on current conditions. Exhibit 3 reveals the items which were added to the liabilities (mainly the addition of current year costs) and the items deducted from the liabilities (mainly payments made) during the year.

Since the Board's investments represent funds provided by B.C. employers to secure the future payments for current or prior claims, investment income is allocated to the Accident and Silicosis Funds.

Shown at the bottom of this Exhibit are the portions of the two funds represented by pensions awarded and by estimates of future costs of claims currently unfinalled (i.e. where no pension award has yet been made).

Exhibit 4 - Statement of Changes in Special Reserves

Under the Workers' Compensation Act, the Board is required to maintain reserves to cover the costs of claims arising from disasters, from the deterioration of previously existing injuries or conditions, as well as the continuing costs of classes of industry which cease to operate. These special reserves are shown as part of the Accident Fund on Exhibit 1.

Exhibit 4 reveals the items making up the additions to, and deductions from, the reserves during the year. The additions are made up of appropriations charged to B.C. employers plus a portion of investment income. The deductions are for payments made or pensions awarded during the year.

Exhibit 5 - Statement of Changes in Financial Position

This Exhibit sets out all of the Board's sources of funds during the year and those areas to which the funds were applied. The net increase in funds was invested, so the statement shows all those items which caused the change during the year in the value of investments carried on Exhibit 1.

The Exhibit begins with the net income applied to reduce the Unfunded Liability (from Exhibit 2) and adjusts this amount for items included in it which do not involve cash. Then it adds cash transactions which are charged directly to the Accident or Silicosis Funds to arrive at the amount of cash generated from operations. The changes in the W.C.B.'s assets and liabilities which generate or use cash are also shown.

Schedule 1 - Statement of All Years' Claims Costs and Change in Unfunded Liability

This Schedule reveals how the Board's income and expense during the year, together with the change in the Accident and Silicosis Fund liabilities determined by the actuary, has resulted in a decrease in the Unfunded Liability.

The income figures are the same as those on Exhibit 2, while the expense section combines and categorizes payments for current year claims from Exhibit 2 with payments for prior years' claims from the Accident and Silicosis Funds in Exhibits 3 and 4.

Schedule 2 - Statement of Current Transactions (Details by Sub-Class)

This Schedule breaks down the contents of Exhibit 2 by sub-class. It allows employers to see the changes which occurred in their own sub-class balances during the year. The total of all sub-class balances is equal to the Board's Unfunded Liability.

Schedule 3 - Statement of Administration Expenses

This Schedule gives an analysis of the major types of administration expenses on a comparative basis.

The reductions at the bottom of this schedule disclose:

(a) administration costs incurred for the Rehabilitation Clinic and the Residence which are reclassified to medical aid costs, and

(b) administration costs incurred in executing the investment program which are reclassified against investment income.

Schedule 4 - Investments Held

This Schedule reveals the composition of the Board's long-term investments by groupings of type of jurisdiction or organization, as well as the group total for cash and short-term deposits (term under one year). The long-term and cash and short-term totals match those shown on Exhibit 1.

Senior Operating Personnel

Chairman:

Walter Flesher

Commissioners:

Mike Parr
Robert Bucher
Herb Scollan *
Glenn Hall
Joan Nutter **

General Managers:

F.W. (Bill) Greer,
General Manager, Industrial Health and Safety Division

Robert Taylor,
General Manager, Compensation Services and
Medical Services

Glenn Hall,
General Manager, Finance and Administration

Executive Directors:

Dr. A.D. McDougall,
Executive Director, Medical Services

Mr. I.E. Tufts,
Executive Director, Legal Services

Chief Financial Officer:

J. Wayne Audette

Directors:

R.D. Gunn,
Director, Assessment Department

A. Quinn,
Director, Claims

R.A. Mules,
Director, Data Processing

G.A. Balfour,
Director, Employee Relations

Dr. W.S. Whitehead,
Director, Occupational Health Department

D. Askew,
Director, Industrial Safety Department

A.L. Riegert,
Director, Industrial Hygiene Department

G. McMillan,
Director, Information Services Department

K. Cummane,
Director, Internal Audit Department

Dr. G.M. Dewar,
Director, Medical Services Department

T. Wharton,
Director, Medical Administrative Services

Dr. L.H. Bartlett,
Medical Director, Physical Rehabilitation

D. Martin,
Director, Planning

R.A. Holloway,
Director, Technical Services Department

Wm. F.R. Evans,
Treasurer

D.E. Smith,
Controller

K.L. Younie,
Actuary

* resigned July 1984
** appointed December 1984